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Executive Digest

Retirement Program Needs of CIA

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I. Introductory Points

1. The Senate Committee on Governmental Affairs and the House Post Office and Civil Service Committee are independently engaged in efforts leading to the development of proposals for a supplemental retirement plan for post 1983 employees and possible modifications to existing Federal retirement systems.

Emphasis of these efforts to date has been heavily concentrated on the features of non-federal sector retirement programs.

2. It is of vital concern to the CIA that in developing their proposals that the Agency's unique requirements are fully understood and accommodated to preclude any impairment of the Agency's capabilities to fully sustain and enhance it's operational effectiveness in fulfillment of it's critical missions.

- II. The role of CIA's retirement systems in effectively meeting the Agency's organizational requirements.
- 1. The missions and organizational objectives of most Federal Agencies and private sector companies are such that the characteristics of the working environment and the conditions and standards of job performance are consistent with the norms experienced in comparable professional occupations in the labor market at large.

In such circumstances extended career employment is either desired by management or of little consequence in the accomplishment of organizational objectives. The Retirement program is perceived primarily as an employee benefit mechanism for providing financial security for their aging pensioners.

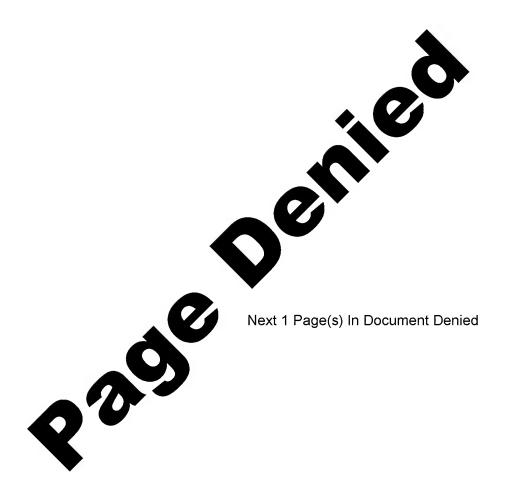
2. The unique nature of CIA's missions and the effective accomplishment of these missions impose: unusual working environment demands; specialized characteristics of the employee cadres doing the work of the Agency and; stringent work-force management requirements not found in most other civilian Federal Agencies.

- 3. Intelligence work, in all of it's varied aspects, is always stressful, sometimes hazardous to life and health, and in addition, imposes heavy personal demands on employees and their families in their private lives.
- 4. CIA careerists must be vigorous, adaptable to frequent change, and motivated, willing and able to serve when and where Agency requirements need their particular talents.
- 5. The objectives of CIA's retirement systems are missions oriented. The provisions of the Agency's current systems are fully utilized as essential work-force management tools for the recruitment and career retention of a highly competent and vigorous employee cadre through their peak years and provides appropriately early retirement at relatively young ages.

III.CIA and it's current retirement systems

1. Currently the CIA operates with two retirement systems; the regular CSRS and CIARDS, a separate statutory system instituted in 1964. Individuals who qualify for participation and retirement under CIARDS are those who serve in support of the operational side of the Agency.

- 2. All new appointees to the CIA are initially covered by the basic CSRS System regardless of whether they are engaged in overt or covert functions. This coverage continues until the individual serves a minimum of five years of "qualifying service" for CIARDS. Qualifying service is service in support of Agency activities abroad hazardous to life or health or so specialized because of security requirements as to be clearly distinguishable from normal government employment.
- 3. Approximately 20% of CIA employees are participants in CIARDS with approximately 25% of our civil service employees currently performing the type of service which will eventually qualify them for CIARDS retirement. The remainder of the Agency work-force spend the bulk of their career service in other aspects of intelligence work. Even within this grouping, a fair number will be called upon, when CIA requirements demand, to perform some periods of service abroad but of insufficient duration to qualify for CIARDS. On the average approximately 60% of current overseas assigneed are CSRS participants.



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e. Civil Service employees whose career occupations are in support of the Agency's operational activities abroad perform these services under the same demanding and at times hazardous conditions as those individuals who have already qualified for CIARDS. Typically, these personnel

Sanitized Copy Approved for Release 2011/01/11: CIA-RDP89-00066R000900040012-9 serve approximately six to ten or more years before accruing sufficient qualifying service for the special provision of CIARDS. During this period they and their dependents are covered under the regular civil service disability and death benefit provisions.

Administration Specialists who spend most of their Agency careers in overt domestic assignments are not exposed to the unique employment conditions encountered by CIARDS and pre-CIARDS personnel. However, the very nature of intelligence work with the critical importance of its product produces its own consequences of continuous stress, lessening of skills and burn-out at ages somewhat older than those in the operational milieu but nonetheless at relatively young ages.

V. Summary of CIA's needs in its Retirement Programs

1. The provisions of both the CSRS and CIARDS retirement programs have been woven intimately into the framework of personnel management of all career areas of the Agency. They have contributed most effectively in attaining essential management objectives:

- a. To recruit and retain the type and quality of work-force essential to fulfilling critical work requirements and the capability for timely retirement of those individuals who have passed their peak performance.
- b. Establish predictability of the projected patterns of the timing and numbers of future retirements that enable Agency managers to establish employee career development, progression, and replacement on a definitive basis.
- c. Provide non-reduced early retirement inducement keeping the operational cadre vigorous; permits the flow-through of new employees; provides opportunities for employee developmental assignments; timely promotions; and in meeting reduced personnel ceilings when required.

2. Basic provisions needed

It is important that future retirement systems applicable to CIA retain their effectiveness as work force management mechanisms by providing:

- a. Non-penalized early optional retirement at appropriate ages for both CIARDS and CSRS participants.
- b. Mandatory retirement at an appropriate age for CIARDS members.

- c. Involuntary/discontinued service retirement on an immediate annuity for CIARDS and CSRS members.
- d. Annuity computation formulas that make the above categories of retirement feasible.
- e. Establish employee contributions at levels that will not impose undue burdens on participants nor detract from the Agency's ability to recruit and retain personnel in the labor market.
- f. Sufficient government funding/financing levels to sustain the types of retirement systems necessary to maintain the characteristics of CIA's work-force essential to meeting mission requirements.
- g. Appropriate authority to the Director, Central
 Intelligence Agency to administer the systems in a fully
 secure manner in accord with his statutory responsibility
 for protecting intelligence sources and methods.
- 3. If retirement eligibility ages were to be extended and current annuity levels reduced, problems would be created in terms of an unacceptable aging of the overall employee cadre; the diminution of vigor and adaptability among its ranks

 . Effective management of the cadre would be severely weakened in terms of attracting recruits in the first place; the creation of severe blockages in

essential flow-through assignment opportunities; promotions; and timely retirement. It is of vital importance as new systems are developed, that CIA's specialized requirements are accommodated through retirement system provisions at least as effective as the current CIARDS and CSRS systems have proven to be to date.

